

## Message Text

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PAGE 01 GENEVA 00510 01 OF 02 291814Z

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ACTION IO-10

INFO OCT-01 ARA-10 EUR-12 ISO-00 EB-07 CAB-05 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 RSC-01 FAA-00

L-02 PM-03 NSC-05 SP-02 SS-15 OIC-02 AF-06 EA-10

NEA-09 TRSE-00 OMB-01 ABF-01 /109 W

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R 291710Z JAN 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 270

INFO AMEMBASSY BELGRADE

AMEMBASSY MEXICO

UNCLAS SECTION 1 OF 2 GENEVA 510

DEPARTMENT PASS DAVID PARKER, COMMERCE

E.O. 11652: N/A

TAGS: AORG WTO

SUBJECT: WTO CONSULTATIONS JANUARY 28, 1975

REF: A) GENEVA 7596; B) STATE 19717

SUMMARY: WITH 17 MISSIONS REPRESENTED, CONSULTATIONS WERE HELD AT THE US MISSION UNDER US CHAIRMANSHIP ON JANUARY 28 TO CONSIDER SITE AND FINANCING OF FIRST WORLD TOURISM ORGANIZATION (WTO) ASSEMBLY, ASSEMBLY AGENDA, ROTATION OF CHAIRMANSHIP OF GROUP, AND OTHER BUSINESS. FOLLOWING IS SUMMARY OF DISCUSSION WITH CONCLUSIONS REACHED. END SUMMARY.

1. SITE, FINANCING OF FIRST WTO GENERAL ASSEMBLY: FRANZ MUHEIM, SWISS POLITICAL DEPARTMENT, BERN REPORTED THAT HIS GOVERNMENT IN A LETTER DATED JANUARY 13 HAD INFORMED WTO SYG LONATI THAT IT WAS UNABLE TO MEET HIS REQUESTS FOR ASSISTANCE IN ORGANIZING, STAFFING AND MANAGING THE FIRST ASSEMBLY, BUT THAT HIS GOVERNMENT WOULD HELP FIND A HALL IN GENEVA FOR THE WTO TO MEET IN THIS APRIL PROVIDED THE WTO COULD FURNISH THE STAFF

UNCLASSIFIED

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PAGE 02 GENEVA 00510 01 OF 02 291814Z

AND MANAGE MEETING. HIS GOVERNMENT STILL HAD QUESTION OF SPECIAL

FINANCIAL ASSISTANCE TO WTO UNDER CONSIDERATION.

SOME MEMBERS OF GROUP HAD ALREADY RECEIVED SYG LONATI'S LETTER DATED JANUARY 24 (ADDRESSED TO FOREIGN MINISTERS OF WTO MEMBER STATES AND FORMER IUOTO MEMBERS) ANNOUNCING THAT GOVERNMENTS OF SPAIN AND MEXICO HAD OFFERED TO HOST FIRST WTO ASSEMBLY, PAY ALL EXPENSES AND PROVIDE NECESSARY STAFF. HE ASKED RECIPIENTS TO STATE THEIR PREFERENCE FOR ONE OF TWO SITES NOT LATER THAN FEBRUARY 15.

GROUP GENERALLY AGREED THAT NO MATTER WHICH DECISION WAS NOW TAKEN -- TO HOLD OUT FOR GENEVA AND HENCE DELAY ASSEMBLY UNTIL SUMMER AND ASSESS MEMBERS A TOTAL OF UP TO 600,000 SWISS FRANCS (ESTIMATED COST OF TWO WEEK CONFERENCE) OR TO ACQUIESCE IN ALL-EXPENSES PAID OFFERS OF SPAIN OR MEXICO -- SOME WTO STATUTE WOULD BE BROKEN. THERE WAS GENERAL AGREEMENT THAT WTO FOUNDERS HAD TOTALLY FAILED TO WORK OUT ADEQUATE ARRANGEMENTS FOR TRANSITION FROM IUOTO TO WTO.

GROUP CONSIDERED WHETHER ARTICLE 8, PARA 2 OF STATUTES MIGHT BE CONSTRUED TO JUSTIFY DECISION TO MEET IN A CITY OTHER THAN IN HEADQUARTERS. IN THE ABSENCE OF LEGAL ADVICE NO CONCLUSION WAS DRAWN ON THIS SUBJECT.

MOST OF GROUP DID AGREE, HOWEVER, THAT SINCE IT WOULD BE MOST DIFFICULT FOR MEMBERS TO OBTAIN AN ADDITIONAL APPROPRIATION FOR WTO THIS CALENDAR YEAR TO MEET THE PRO-RATA EXPENSES OF HOLDING THE ASSEMBLY IN GENEVA AND SINCE ASSEMBLY WOULD HAVE TO BE DELAYED UNDULY IF IT WERE DECIDED TO MEET IN GENEVA, IT WAS PROBABLY BEST TO ACQUIESCE IN SYG'S APPARENT DECISION TO HOLD ASSEMBLY IN EITHER MEXICO CITY OR MADRID.

IN THIS CONNECTION THE FRENCH AMBASSADOR (FERNAND-LAURENT) NOTED THAT IF MEMBERS WERE TO EXPRESS A PREFERENCE FOR MADRID THEY WOULD NOT BE COMMITTING WTO TO MOVING ITS HEADQUARTERS TO SPAIN AS THE SPANISH HAD NOT INVITED THE ORGANIZATION TO ESTABLISH THEIR HEADQUARTERS THERE. ON THE CONTRARY IF MEMBERS WERE TO AGREE TO MEET IN MEXICO CITY THEY WOULD BE SUBMITTING THE ORGANIZATION TO GREAT PRESSURE TO

UNCLASSIFIED

PAGE 03 GENEVA 00510 01 OF 02 291814Z

MOVE ITS HEADQUARTERS THERE. IN THIS CONNECTION THE SWISS MEMBER REPORTED THAT THE CITY AND CANTON OF GENEVA OFFICIALLY INVITED THE WTO TO ESTABLISH ITS PERMANENT HEADQUARTERS IN GENEVA.

SOVIET REPRESENTATIVE REPORTED THAT BECAUSE TAIWAN WAS A MEMBER OF WTO, NO UN BUILDING IN GENEVA WOULD OFFER ITS CONFERENCE HALL FACILITIES TO WTO FOR THE FIRST ASSEMBLY.

SOME GROUP RECOGNIZED THAT ONE OF THE QUESTIONS WHICH THE FIRST ASSEMBLY WOULD PROBABLY HAVE TO SETTLE WAS THAT OF CHINESE MEMBERSHIP AS THIS ALSO AFFECTED THE PROSPECT OF WORKING OUT ANY AGREEMENT WITH THE UNDP WITH REGARD TO WTO TECHNICAL ASSISTANCE PROGRAM FINANCING.

GROUP AGREED TO REQUEST POLICY GUIDANCE FROM THEIR GOVERNMENTS ON QUESTION WHERE TO HOLD FIRST ASSEMBLY, INCLUDING WHETHER HOLDING OF CONFERENCE IN GENEVA AS PROVIDED IN STATUTES, SHOULD BE ADHERED TO COME WHAT MAY.

2. AGENDA OF FIRST ASSEMBLY: GROUP GENERALLY AGREED THAT THE DIPLOMATIC PROTOCOL PRACTICE OF SELECTING THE CHIEF OF DELEGATION OF THE HOST GOVERNMENT AS PRESIDENT OF THE FIRST ASSEMBLY WAS DESIRABLE TO FOLLOW.

GROUP WAS INFORMED THAT SYG LONATI WAS TELLING MEMBER STATE MISSIONS HERE THAT THEIR DELEGATIONS SHOULD COME TO THE ASSEMBLY PREPARED TO NOMINATE A SECRETARY GENERAL. GROUP GENERALLY CONCEDED THAT LONATI WOULD BE ELECTED SYG, ALTHOUGH SOME MEMBERS NOTED THAT LONATI WOULD PROBABLY ONLY BE A CANDIDATE IF THE PERMANENT HEADQUARTERS OF ORGANIZATION WERE IN GENEVA OR AT LEAST IN EUROPE.

GROUP WAS INFORMED THAT FOLLOWING ITEMS WOULD BE INCLUDED ON THE AGENDA OF THE FIRST ASSEMBLY: A) ADOPTION OF LUSAKA FORMULA FOR ASSESSMENTS; B) ADOPTION OF BUDGET AND MAIN LINES OF PROGRAM FOR 1976-7; C) ADOPTION OF RESOLUTION STIPULATING THAT REGULAR BUDGET FUNDS OF TWO WOULD NOT BE USED FOR TECHNICAL ASSISTANCE; D) RULES OF

PROCEDURE OF GENERAL ASSEMBLY; E) RULES OF PROCEDURE OF EXECUTIVE COUNCIL; F) FINANCIAL REGULATIONS; G) STAFF REGULATIONS; UNCLASSIFIED

UNCLASSIFIED

PAGE 04 GENEVA 00510 01 OF 02 291814Z

H) ELECTION OF EXECUTIVE COUNCIL; I) ELECTION OF SYG; J) SELECTION OF PERMANENT HEADQUARTERS SITE. IT WAS ALSO NOTED THAT THE NEWLY ELECTED EXECUTIVE COUNCIL WOULD HAVE TO MEET PROBABLY CONCURRENTLY WITH THE FIRST ASSEMBLY TO PASS ON BUDGET FOR 1976-7.

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PAGE 01 GENEVA 00510 02 OF 02 291823Z

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UNCLAS SECTION 2 OF 2 GENEVA 510

DEPARTMENT PASS DAVID PARKER, COMMERCE

GROUP THEN DISCUSSED QUESTION OF CANDIDACIES FOR EXECUTIVE COUNCIL AND QUESTION OF HOLDING FIRST ASSEMBLY IN TWO SESSIONS -- A PLAN WHICH SYG LONATI NOW SEEMS TO HAVE STOPPED DISCUSSING. GROUP AGREED THAT THE STEERING COMMITTEE OF THE ASSEMBLY SHOULD BE ASKED TO SCHEDULE ITEMS ON LUSAKA FORMULA, TECHNICAL ASSISTANCE FUNDS, AND BUDGET BEFORE ELECTION TO EXECUTIVE COUNCIL ON GROUNDS THAT MEMBERS WOULD WANT FAVORABLE VOTES ON THOSE THREE QUESTIONS BEFORE STANDING FOR THE COUNCIL. IT WAS AGREED THAT ARTICLE 42 MEMBERS WOULD BE FULLY ELIGIBLE TO RUN FOR THE COUNCIL. SOME MEMBERS FELT CANDIDATES WOULD BE UNDER SOME MORAL OBLIGATION TO RATIFY WTO STATUTES IF THEY DID RUN FOR THE COUNCIL. IN THIS CONNECTION IT WAS NOTED THAT ONE HALF OF THE FIRST COUNCIL WOULD BE ELECTED FOR ONLY TWO YEARS, BUT THAT THIS HALF WOULD BE DRAWN BY LOT, ACCORDING TO THE STATUTES.

3. ROTATION OF CHAIRMANSHIP OF CONSULTATION GROUP: US CHAIRMAN ASKED GROUP TO CONSIDER ROTATION OF CHAIRMANSHIP. GROUP GENERALLY PLEASED WITH US CHAIRMANSHIP AND NO ONE VOLUNTEERED TO TAKE OVER. MATTER, NEVERTHELESS, WAS LEFT UNCLASSIFIED

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PAGE 02 GENEVA 00510 02 OF 02 291823Z

OPEN.

4. NEXT MEETING: GROUP AGREED TO RECONVENE SUFFICIENTLY FAR BEFORE FIRST ASSEMBLY TO HELP MEMBER STATES PREPARE

GUIDANCE FOR THEIR DELEGATIONS TO ASSEMBLY. IT WAS DECIDED MEMBERS WOULD CONSULT ON DATE OF NEXT MEETING, EXPECTED TO BE CONVENED IN LATE MARCH, AFTER OFFICIAL AGENDA OF ASSEMBLY HAD BEEN DISTRIBUTED.

5. ATTENDING CONSULTATION BESIDES US WERE REPRESENTATIVES OF FOLLOWING MISSIONS: AUSTRALIA, AUSTRIA, BELGIUM, CANADA, IRELAND, UNITED KINGDOM, FRANCE, FEDERAL REPUBLIC OF GERMANY, USSR, SWEDEN, DENMARK, ITALY, NEW ZEALAND, SWITZERLAND, NETHERLANDS, JAPAN.

6. COMMENT: ALTHOUGH THERE IS SOME CONFUSION AS BETWEEN THE SWISS AND LONATI, IT SEEMS PRETTY CLEAR THAT IT IS NOT PRACTICAL TO HOLD A MEETING IN GENEVA BEFORE JUNE. IF WERE WERE TO OPT FOR GENEVA, THIS WOULD MEAN THAT WE WOULD BE VIOLATING ANOTHER STATUTE OF THE NEW ORGANIZATION RELATED TO THE TIMING OF BUDGETARY SUBMISSION AND APPROVAL. WE ALSO BELIEVE, AS MANY DELEGATIONS AT THE MEETING FELT, THAT OPTING FOR GENEVA REQUIRES A WILLINGNESS AND ABILITY TO PROVIDE THE APPROPRIATE PORTION OF THE 600,000 SWISS FRANCS ESTIMATED COST OF THE FIRST ASSEMBLY. WE THEREFORE BELIEVE THAT, ON BALANCE, IT IS PREFERABLE TO GO ALONG WITH ONE OF THE TWO SITES WHERE FINANCING IS ASSURED AND A MEETING CAN BE HELD IN APRIL. IT IS OUR UNDERSTANDING THAT U.S. POSITION CONTINUES TO FAVOR ZAGREB OR GENEVA AS PERMANENT SEAT OF WTO. WE ARE IMPRESSED BY ARGUMENT OF FRENCH AMBASSADOR AND OTHERS AT MEETING THAT HOLDING FIRST ASSEMBLY IN MEXICO CITY WOULD MAKE MORE LIKELY THE CHOICE OF MEXICO CITY AS THE PERMANENT SITE. WE THEREFORE RECOMMEND THAT U.S. SUPPORT MADRID. DALE

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